Seminario

Martedì 20 Settembre, ore 12.00

Aula Magna

**On the empirical relationship between tourism and economic growth**

**and the tourism-led growth hypothesis**

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**Abstract**: This paper explores the dynamic relationship between tourism and economic growth for 144 countries over the period 1995-2018. Considering diversity across countries in terms of their tourism and economic development dynamics, in a first step, the set of countries is classified in function of these dynamics. Using a non-parametric methodology and two tourism indicators, four main clusters of countries are obtained. The methodology group the countries according to their level of tourism and GDP over the time. The evolution of such clusters shows three main stylized facts: certain countries move across clusters; the low performance cluster tends to span, while the high performance one tends to be (more) compact; the distance between the groups increases in time. In a second step, the TLGH is tested for each of the identified groups. The empirical results show that there are important differences in the dynamics of tourism and economic growth between groups. In particular, the study shows that Granger causality from tourism to economic growth is verified only for the group of countries with low income and low tourism. For this group, the introduction of impulse-response functions shows a dynamic reaction of economic growth to innovations in tourism.